

# CITY OF LAS VEGAS

## INVESTMENT REPORT

### FOURTH QUARTER - FY 2013



JUNE 30, 2013



### INVESTMENT STRATEGY

The City's three principal objectives in managing the investments are to provide safety, to ensure liquidity, and to generate a market rate of return on the investments. Using cash flow projections to match assets with liabilities ensures prudent investment principles, which will enable the City to soundly meet its financial obligations.

The City's Investment Pool has been segregated into four separate investment portfolios. Of the portfolios, approximately 25% is managed internally by the Treasurer's office, 60% is being managed by external investment managers and 15% is invested in the state pool. The internally managed funds are used for current operations and primarily invest in the short-term segment of the market—overnight to one year. The external investment managers target the longer-term segment—one year to five years.

**Investment Pool — Cash Management Fund:** This portfolio is managed internally by the Treasurer's office and targets maturities from overnight to 1 year. The primary focus of this portfolio is to provide the day-to-day liquidity to meet the operating needs of the City. The majority of investments are purchased and held to maturity. The most frequently used investment types are money market funds, commercial papers and federal agency notes. The benchmark used to monitor the performance of this portfolio is customized index which approximates the averaged weighted maturity of the portfolio.

**Investment Pool — Non-Operating Funds:** Two external managers, Mellon and Wells Capital Management each manage \$150 million of the Investment Pool. The external managers target maturities from 1 year to 5 years and are limited to using only U.S. Treasury securities, federal agency notes, corporate notes and money market funds. The portfolios were funded on October 4, 2005 and the performances are benchmarked against the Merrill Lynch 1-5 Year Treasury and Agency Index.

**Investment Pool — Nevada Enhanced Savings Term (NVEST):** The NVEST portfolio is managed externally by StableRiver Capital Management and overseen by the Nevada state treasurer's office. The investments are primarily A-rated collateralized mortgage obligations and AAA-rated asset backed securities. The performance of this portfolio is benchmarked against the Merrill Lynch 1-3 Year Treasury.

**Non Investment Pool** — For the non-pooled investments such as bond issue proceeds, including such issues as the Redevelopment Projects and Special Improvement Districts, the City keeps these funds' investment maturities typically less than one year. These funds are invested in short-term securities such as Money Market Funds, Federal Agency Discount Notes. Monies that are required by state statute, city ordinance, and bond covenants to be held separately (i.e. Employee Benefits Fund, Self Insurance Liability, and bond reserves) are not part of the investment pool. Cemetery investments are managed by Carriage Services.

**CITY OF LAS VEGAS**  
**FOURTH QUARTER OF FISCAL YEAR 2013**



**INVESTMENT REVIEW**

**INVESTMENTS – TOTAL PORTFOLIOS**

The following table reflects the par value of the securities for the Investment Pool and the non-pooled portfolios.

FUND	PAR VALUE
<b>Investment Pool Portfolios:</b>	
Cash Management	\$62,016,935
NVEST	66,040,481
BNY Mellon	138,662,298
Wells Capital	165,314,059
<b>Total Investment Pool Portfolios</b>	<b>\$432,033,773</b>
<b>Non-Investment Pool Portfolios:</b>	
CP/Parks/Facilities	\$14,698,065
Cemetery	2,130,301
Darling Foundation	790,202
Debt Service	
Developer SIDs	34,011,842
Employee Benefits Fund	3,005,822
Fire Services	8,830,495
4th Street Landscaping	46,667
Fremont Street Experience	1,790,231
Ogden Parking	114,794
Redevelopment Agency	11,072,871
Sanitation	15,472,192
Self Insurance Funds	5,241,458
Special Programs/Car Rtl	1,238,138
<b>Total Non-Investment Pool Portfolios</b>	<b>\$116,914,911</b>
<b>Grand Total Portfolios</b>	<b>\$548,948,684</b>

# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



## INVESTMENT REVIEW

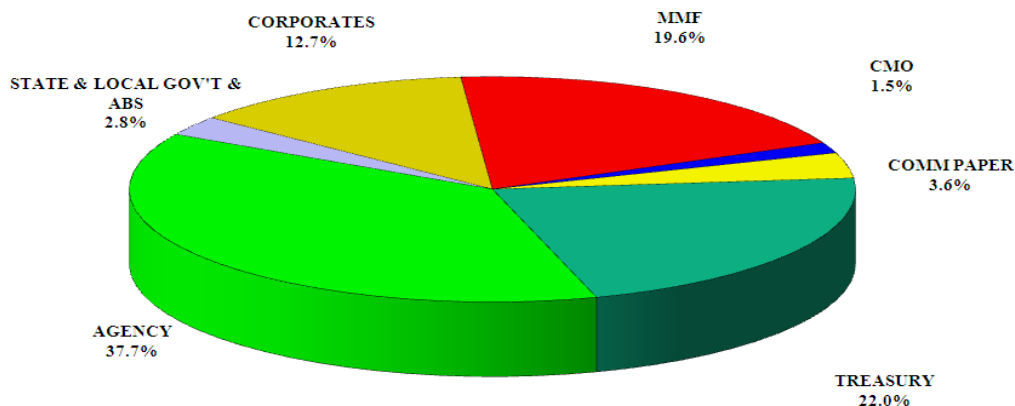
### INVESTMENT TYPES – TOTAL PORTFOLIOS

The following table and chart shows the allowable investments per Nevada Revised Statutes and City Investment Policy.

INVESTMENT TYPE	PAR VALUE	%	MAXIMUM MATURITY	AUTHORIZED LIMIT
U.S. Treasury	\$120,532,221	21.96%	5 Years	No Limit
U.S. Agencies	207,120,247	37.73%	5 Years	No Limit
Corporate Bonds	69,630,282	12.68%	5 Years	20%
Commercial Paper	20,000,000	3.64%	270 Days	20%
State and Local Governments	15,472,192	2.82%	N/A	No Limit
Money Market Funds (MMF)	107,763,822	19.63%	N/A	No Limit
Asset-Backed Securities (ABS)	-	0.00%	N/A	20%
Collateralized Mortgage Obligations (CMO)	8,429,919	1.54%	NA	20%
Negotiable Cert. of Deposit			N/A	No Limit
Bankers Acceptances			180 Days	20%
Repurchase Agreements			90 Days	20%
Collateralized Investment Contracts			Match Bond Issue	No Limit
LGIP			N/A	No Limit
<b>Total Portfolios</b>	<b>\$548,948,684</b>	<b>100.00%</b>		

### DISTRIBUTION BY TYPES

AS OF JUNE 30, 2013



# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



## INVESTMENT REVIEW

### INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE
<b>Collateralized Mortgage Obligations</b>	<b>13</b>	<b>\$ 8,429,919</b>	<b>\$ 8,296,596</b>
Banc of America Comm Mtg	2	889,859	882,244
Bear Stearns Comm Mtg	1	796,733	778,116
CS First Boston Mtg	3	1,534,027	1,520,966
GMAC Comm Mtg	1	374,425	345,009
JP Morgan Chase Comm Mtg	1	509,359	501,860
LB-UBS Commercial Mortgage	1	802,772	786,833
Merrill Lynch Mtg Trust	1	549,766	535,795
NCUA Guaranteed Notes	2	1,659,730	1,647,134
Wachovia Bank Comm Mtg	1	1,313,250	1,298,640
<b>Commercial Paper</b>	<b>1</b>	<b>8,100,000</b>	<b>8,097,551</b>
Toyota Financial Services	1	20,000,000	19,995,089
<b>Corporate Bonds</b>	<b>16</b>	<b>69,664,787</b>	<b>70,435,765</b>
APPLE INC	1	5,000,000	4,946,300
Berkshire Hathaway Inc	2	10,000,000	10,106,400
Chevron corp	1	5,000,000	4,885,550
Coca-Cola	1	5,000,000	5,109,300
General Electric Cap Corp	2	10,000,000	10,251,750
Google Ince	1	5,000,000	5,036,650
IBM	2	10,000,000	10,121,150
JP Morgan	1	5,000,000	5,058,550
Lehman Brothers Holding	1	34,506	60,938
Procter & Gamble	1	5,000,000	5,128,600
STYX Private Fund LLP Pool ABC	1	2,130,282	2,035,752
Wal-Mart Stores	1	5,000,000	5,119,550
Yale University	1	2,500,000	2,575,275
<b>Money Market Funds</b>	<b>77</b>	<b>107,061,867</b>	<b>107,061,867</b>
Blackrock FedFund Portfolio	14	17,923,404	17,923,404
Dreyfus Money Market Fund	14	17,608,669	17,608,669
Federated Money Market Fund	9	30,555,958	30,555,958
First American Government Obli	14	7,900,145	7,900,145
First American Treasury	4	239,500	239,500
INVESCO Private Invest	3	56,580	56,580
Regions Tust Money Market Depo	1	20	20
Short Term Tres	11	28,451,939	28,451,939
Wells Fargo Advantage Govt MMF	1	1,302,943	1,302,943
Wells Fargo Treasury Fund	5	3,022,710	3,022,710

# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



## INVESTMENT REVIEW

### INVESTMENTS BY ISSUER – TOTAL PORTFOLIOS

ISSUER	# OF ISSUES	PAR VALUE	MARKET VALUE
<b>State and Local Government</b>	<b>1</b>	<b>15,472,192</b>	<b>15,472,192</b>
City of Las Vegas Redevelopment	1	15,472,192	15,472,192
<b>U.S. Agency</b>	<b>107</b>	<b>207,120,247</b>	<b>207,295,237</b>
FDIC Trust	2	882,856	883,148
Federal Home Loan Bank	5	15,675,048	15,841,087
Federal Home Loan Mtg Corp	27	60,378,146	60,746,640
Federal National Mtg Assn	70	129,099,870	128,729,336
Govt National Mtg Assn	2	540,213	542,797
SBA Admin Pass Through	1	544,113	552,230
<b>U.S. Treasury</b>	<b>20</b>	<b>121,199,671</b>	<b>122,590,326</b>
<b>Grand Total</b>	<b>235</b>	<b>\$548,948,684</b>	<b>\$ 551,147,071</b>

# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



INVESTMENT REVIEW

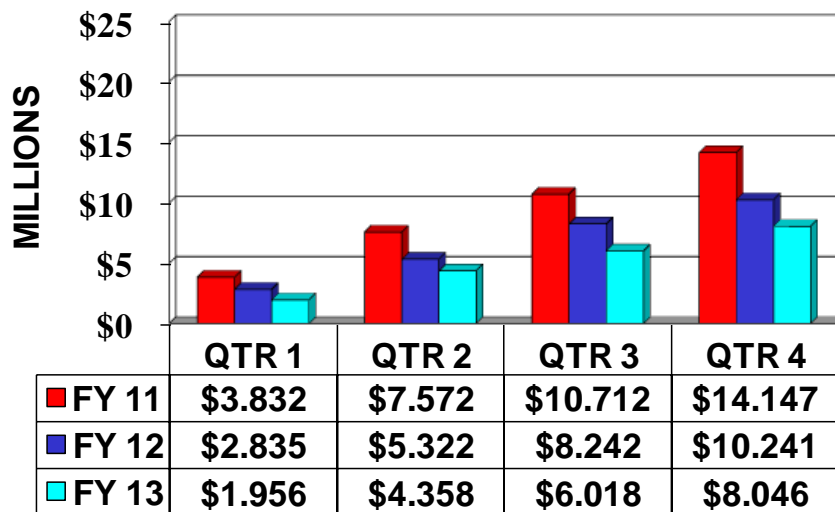
## INTEREST INCOME – INVESTMENT POOL PORTFOLIO

The Investment Pool produced \$8,046,632 of interest income for fiscal year 2013; this was a decrease of \$2,194,504 compared to fiscal year 2012. The City's effective rate of return for the Investment Pool for fiscal year 2013 was 1.80% compared to 2.03% for fiscal year 2012.

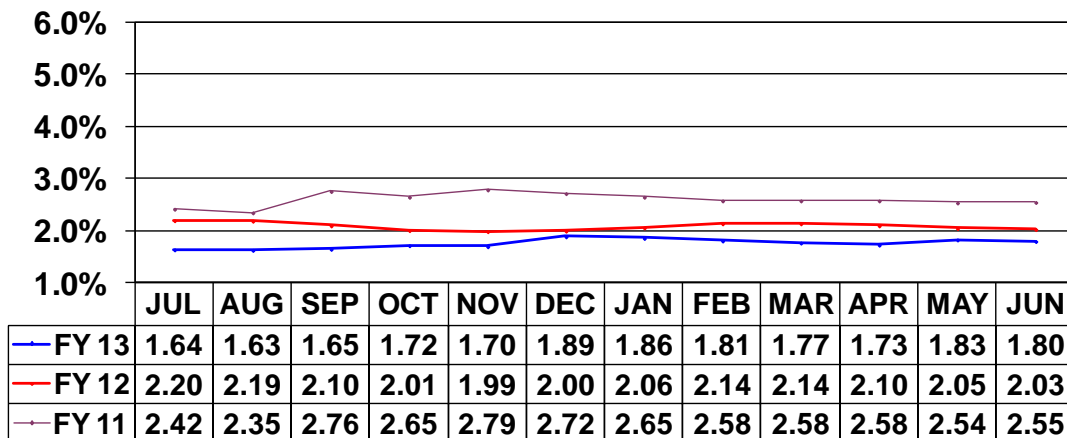
## INVESTMENT POOL INTEREST INCOME

YTD QUARTERLY ACCRUAL

AS OF JUNE 30, 2013



## INVESTMENT POOL YTD EFFECTIVE RATE OF RETURN



# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



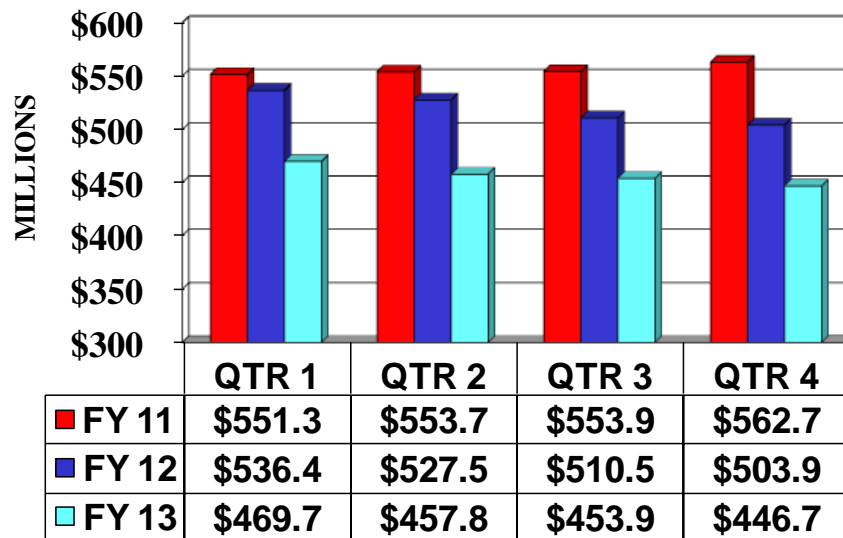
## INVESTMENT REVIEW

### INVESTMENT BALANCES – INVESTMENT POOL PORTFOLIO

The average daily balance of the Investment Pool through the fourth quarter of fiscal year 2013 decreased by approximately \$7 million compared to the previous quarter. This decrease was due to cash outflows exceeding cash inflows during the quarter.

### INVESTMENT POOL BALANCE

AVERAGE DAILY BALANCE





# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



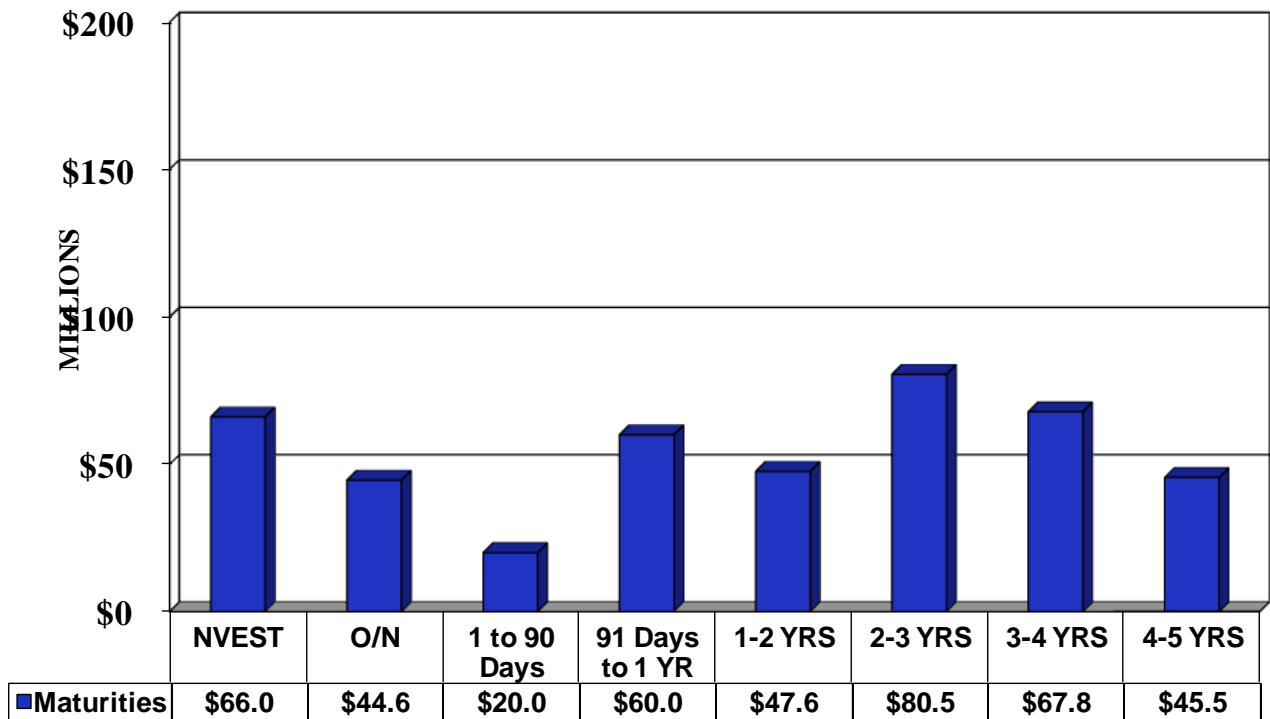
## INVESTMENT REVIEW

### INVESTMENT MATURITY – INVESTMENT POOL PORTFOLIO

The Investment Pool had an overall average weighted maturity of approximately 1.70 years and modified duration of 1.639 years. The Cash Management portfolio and cash in the bank are used to meet the City's cash flow operating needs.

### INVESTMENT POOL MATURITY

AS OF JUNE 30, 2013



# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



## INVESTMENT REVIEW

### MARK-TO-MARKET INFORMATION – INVESTMENT POOL PORTFOLIO

The Governmental Accounting Standards Board (GASB) Statement 31 requires governmental entities to report certain investments at “fair” or market value for annual financial reporting purposes. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Treasurer’s Office monitors the market value change on a monthly basis and reports the annual change in the City’s Comprehensive Annual Financial Report.

### INVESTMENT POOL MARK-TO-MARKET FISCAL YEAR 2012 Y-T-D

DESCRIPTION	AMOUNT
Invested Value at June 30, 2013	\$ 434,477,562
Add: Proceeds of Investments Matured/Sold in FY 13	383,520,455
Less: Cost of Investments Purchased in FY 13	(338,657,357)
Less: Amortization Adjustment	(21,385)
Less: Invested Value at June 30, 2012	(485,436,858)
<b>Change in Market Value of Investments</b>	<b>\$ (6,117,583)</b>

# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013



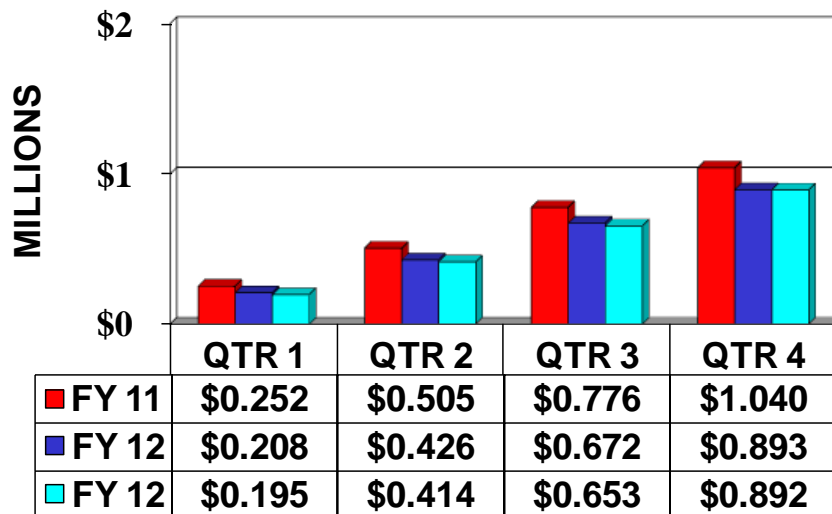
INVESTMENT REVIEW

## INTEREST INCOME – NON INVESTMENT POOL PORTFOLIOS

The Non Investment Pool portfolios produced \$892,035 of interest income for fiscal year 2013; this was a decrease of \$1,823 compared to fiscal year 2012. The effective rate of return for the Non Investment Pool portfolios for fiscal year 2013 was 0.73% compared to 0.43% for fiscal year 2012.

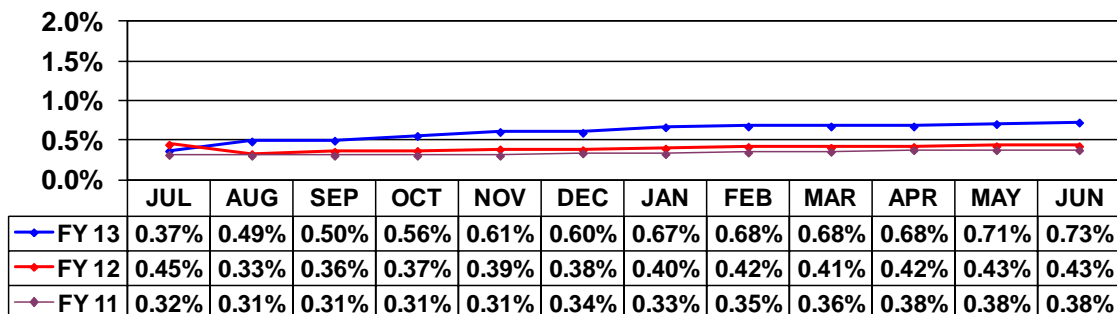
### NON INVESTMENT POOL PORTFOLIOS

#### INTEREST INCOME YTD QUARTERLY ACCRUAL AS OF JUNE 30, 2013



### NON INVESTMENT POOL PORTFOLIOS

#### YTD EFFECTIVE RATE OF RETURN



# CITY OF LAS VEGAS

FOURTH QUARTER OF FISCAL YEAR 2013

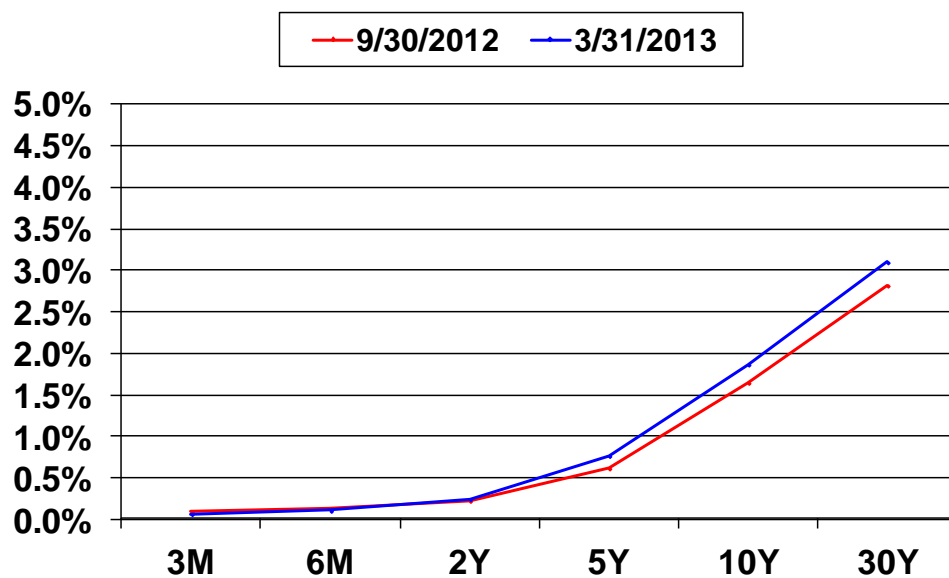


## INVESTMENT REVIEW

### TREASURY YIELD CURVE

The chart and table below display the changes in the U.S. Treasury securities' yields at various maturities.

### U.S. TREASURY YIELD CURVE



### U.S. TREASURY YIELD CURVE COMPARISON 12/31/12 TO 6/30/13

MATURITY	12/31/12 YIELD	6/30/13 YIELD	CHANGE IN PERCENT
3 Month T-Bill	0.050%	0.090%	0.04
6 Month T-Bill	0.110%	0.160%	0.05
2 Year T-Note	0.250%	0.330%	0.08
5 Year T-Note	0.720%	0.720%	0.00
10 Year T-Note	1.780%	1.670%	(0.11)
30 Year T-Bond	2.950%	2.760%	(0.19)